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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

8-38103

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 11/01/07 AND ENDING 10/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hilliard Farber & Co., Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

45 BroadwayNew York

(City)

(No. and Street)

New York

(State)

10006

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mr. Richard J. Cotter212-363-6878

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Weiser LLP

(Name - if individual, state last, first, middle name)

135 West 50th Street

(Address)

New York

(City)

NY

(State)

SEC Mail 08020-1288

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountants
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

DEC 30 2008

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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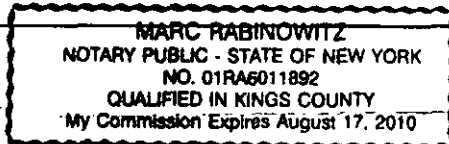
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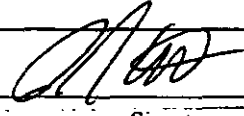
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OATH OR AFFIRMATION

I Richard J. Cotter, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hilliard Farber & Co., Inc., as of October 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:




Signature
E.V.P. + Contruller
Title


Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

HILLIARD FARBER & Co., INC.

BROKERS IN U. S. GOVERNMENT SECURITIES

45 BROADWAY

NEW YORK, NEW YORK 10006

(212) 797-1980

**SEC Mail Processing
Sector**

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CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

October 31, 2008

Hilliard Farber & Co., Inc. and Subsidiaries**Consolidated Statement of Financial Condition****October 31, 2008**

Assets

Cash and cash equivalents	\$ 2,494,127
Deposits with clearing organizations	5,299,668
Receivable from brokers and dealers and clearing organizations	39,747,654
Securites purchased under agreement to resell	27,000,225
Furniture, equipment and leasehold improvements at cost (net of accumulated depreciation and amortization of \$1,329,957)	56,506
Membership in clearing organization, at cost	32,773
Prepaid taxes	2,225,910
Other assets	807,911
	<hr/>
Total assets	\$ 77,664,774

Liabilities and Stockholders' Equity**Liabilities**

Payable to brokers and dealers and clearing organizations	\$ 34,908,525
Accrued salaries	14,779,792
Deferred taxes payable	377,143
Accrued expenses, taxes and other payables	2,289,530
	<hr/>
	52,354,990

Commitments**Stockholders' equity**

Common stock	
Class A \$.01 par value 150,000 shares authorized	
105,862 shares issued	1,059
Class B (nonvoting) \$.01 par value 50,000 shares authorized	
7,586 shares issued	76
Additional paid-in-capital	11,255,446
Retained earnings	38,680,053
	<hr/>
	49,936,634
Common stock in treasury, at cost (36,022 shares)	(24,626,850)
	<hr/>
	25,309,784
	<hr/>
Total liabilities and stockholders' equity	\$ 77,664,774

The accompanying notes are an integral part of this consolidated financial statement.

Hilliard Farber & Co., Inc. and Subsidiaries

Notes to Consolidated Financial Statement

October 31, 2008

1. Nature of Operations

Hilliard Farber & Co., Inc. (the "Parent") is a broker dealer currently operating as a broker's broker in the purchase and sale of United States government mortgage-backed securities and United States Treasury bills, notes and bonds.

The Parent is the sole member of Hillfar LLC ("Hillfar"), a limited liability company, formed pursuant to New York Limited Liability Company Law in January 2002.

Hilliard Farber Securities Corp. ("HFSC") is wholly owned by the Parent and is a brokers' broker dealing in the purchase and sale of collateralized mortgage obligations and asset-backed securities.

The Parent and HFSC are registered members of the Financial Industry Regulatory Authority ("FINRA") and are subject to the Securities Exchange Act of 1934 ("SEC").

Pursuant to a stock purchase agreement, as of October 31, 2008, the Company became the wholly-owned subsidiary of Hydrogen Holdings Corporation, which is a wholly owned subsidiary of Tradeweb NewMarkets LLC. The Company will continue to operate under its existing name.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Parent and its Subsidiaries (collectively, the "Company"). All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with final maturities of three months or less to be cash equivalents.

Hilliard Farber & Co., Inc. and Subsidiaries

Notes to Consolidated Financial Statement

October 31, 2008

Resale Agreements

Resale agreements are carried at the amount at which the securities will be subsequently resold as specified in the respective agreements. It is the Company's policy to obtain control or take possession of securities purchased under agreements to resell. The Company monitors the market value of the underlying securities as compared to the related receivable on resale agreements, including accrued interest, and requests additional collateral where deemed appropriate.

Furniture, Equipment and Leasehold Improvements and Depreciation and Amortization

Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation of furniture and equipment is computed using accelerated and straight-line methods over the estimated useful lives of the related assets which range from five to seven years. Leasehold improvements are amortized over the shorter of the lease terms or the estimated useful lives of the improvements.

3. Cash and Cash Equivalents

As of October 31, 2008, cash and cash equivalents consist of the following:

Cash	\$ 455,127
Federal Funds, overnight loans	<u>2,039,000</u>
	<u>\$ 2,494,127</u>

The Company has cash in banks in excess of FDIC-insured limits and is exposed to the credit risk resulting from this concentration of cash.

4. Deposits With Clearing Organizations

Deposits with clearing organizations include cash of \$800,000 and a United States Treasury Bill with a face value of \$4,500,000 maturing November 2008.

5. Receivable from and Payable to Brokers and Dealers and Clearing Organizations

Balances receivable from and payable to brokers and dealers and clearing organizations resulting from the Company's normal securities transactions are generally collateralized by those securities.

6. Leases

The Company is obligated under a non-cancelable operating lease for office space in New York, New York. The lease expires April 30, 2011 and contains a provision for escalation based on increases in certain costs incurred by the landlord.

Hilliard Farber & Co., Inc. and Subsidiaries

Notes to Consolidated Financial Statement

October 31, 2008

The Company is obligated under a non-cancelable operating sublease for office space in Berkeley Heights, New Jersey. The sublease expired May 31, 2004, and the office was then leased through the landlord from June 1, 2004 through December 31, 2007. The lease was extended until May 31, 2013. The lease contains a provision for escalation based on increases in certain costs incurred by the landlord.

A schedule of future minimum annual rental payments due is as follows:

<u>Year Ending</u> <u>October 31,</u>	<u>Amount</u>
2009	\$ 617,210
2010	633,051
2011	422,726
2012	204,825
2013	121,351
	<u>\$ 1,999,163</u>

7. Income Taxes

The Parent and its Subsidiaries file a consolidated federal income tax return and combined state and local returns. The Parent makes all income tax payments directly to taxing authorities and charges each Subsidiary for its share of the expense, which is computed as if the subsidiary filed separate tax returns. The tax benefits of consolidation are reflected in the Company's results of operations.

The Company uses the asset and liability method to calculate deferred tax assets and liabilities. Deferred taxes are recognized based on the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled.

Deferred income taxes have been provided to account for temporary differences arising primarily from amortization and depreciation, and trade date versus settlement date transactions which are treated differently for financial statement and income tax reporting purposes.

8. Dividends

In November 2007, \$413,565 was paid on dividends declared as of and for the year ended October 31, 2007. In October 31, 2008, the Company declared and paid dividends in the amount of \$29,421,157.

9. Profit-Sharing Plan

The Company sponsors a defined contribution profit-sharing plan covering substantially all employees with one year of service as defined in the plan agreement. Contributions to the plan are determined at year end by the Board of Directors. Employees qualify for benefits upon reaching the age of 60. Vesting begins at 20% after one year of service and increases 20% annually to 100% after the fifth year.

The profit-sharing plan provides for an employee election to reduce compensation by a voluntary contribution to a 401(k) account.

10. Employee Stock Ownership Plan

Effective November 1, 1997, the Company adopted an Employee Stock Ownership Plan (ESOP). Employees are eligible to participate in the ESOP after one year of service and the attainment of twenty-one years of age. The ESOP provides, at the discretion of its Board of Directors, for the Company to make annual contributions up to the maximum amount permitted under the Internal Revenue Code. There were no shares allocated to the ESOP as of October 31, 2008.

Pursuant to a stock purchase agreement, as of October 31, 2008, the ESOP sold all of its shares in the Company. The plan is expected to be terminated and all assets distributed to its participants.

11. Non-Qualified Stock Option Award

The directors of the Company have approved non-qualified stock option awards which provide for the issuance of options to purchase shares of the Company's common stock.

Effective January 1, 2006, the Company implemented the provisions of Revised Statement of Financial Accounting Standards No. 123, Share-Based Payments ("SFAS 123R"). SFAS 123R eliminates the ability to account for stock-based compensation transactions using APB Opinion No. 25 and requires recognition of compensation expense for stock-based payments using the fair-value-based method. The fair value of each stock option grant has been estimated on the date of grant using the Black-Scholes option pricing model.

Hilliard Farber & Co., Inc. and Subsidiaries

Notes to Consolidated Financial Statement

October 31, 2008

All employees are eligible for the non-qualified stock option awards. A total of 8,498 shares of common stock have been reserved for and issued under the plan. The exercise price for options to purchase Class A shares is based upon the last available annual valuation. The exercise price of any options to purchase Class B shares is discounted approximately 5% from the Class A share price. This discount ratio is also derived from the valuation reports provided by the Company's actuary. All options expire within 10 years from the date the option is granted.

As of October 31, 2008, there are no remaining unrecognized compensation costs related to unvested stock options.

A summary of stock option activity since October 31, 2005 is summarized as follows:

	<u>Number of Options</u>	<u>Weighted Average Exercisable Price</u>
Options Outstanding at October 31, 2005	5,200	\$667
Granted	2,190	\$749
Exercised	-	-
Cancelled	-	-
Options Outstanding at October 31, 2006	7,390	\$691
Granted	1,108	\$762
Exercised	-	-
Cancelled	-	-
Options Outstanding at October 31, 2007	8,498	\$700
Exercised	(8,498)	
Options Outstanding at October 31, 2008	-	-

All the options outstanding were exercised during October 2008.

12. Net Capital Requirements

The Parent and HFSC are subject to the net capital requirements of rule 15c3-1 of the Securities and Exchange commission wherein a broker-dealer is to have at all times sufficient assets to cover current indebtedness. In accordance with the rule, a broker-dealer is required to maintain defined minimum net capital of the greater of \$100,000 or 1/15 of aggregate indebtedness. At no time may the ratio of the aggregate indebtedness to net capital exceed 15 to 1.

Hilliard Farber & Co., Inc. and Subsidiaries
Notes to Consolidated Financial Statement
October 31, 2008

The Parent's net capital, as defined, and the ratio of aggregate indebtedness to net capital are as follows as of October 31, 2008:

Net capital, as defined	\$ 16,060,249
Minimum net capital required	<u>1,138,794</u>
Net capital in excess of minimum requirement	<u>\$ 14,921,455</u>
Excess net capital at 1000 percent	<u>\$ 14,352,058</u>
Total aggregate indebtedness	<u>\$ 17,081,908</u>
Ratio of aggregate indebtedness to net capital	<u>1.06 to 1</u>

HFSC net capital, as defined, and the ratio of aggregate indebtedness to net capital are as follows:

Net capital, as defined	\$ 4,170,424
Minimum net capital required	<u>100,000</u>
Net capital in excess of minimum requirement	<u>\$ 4,070,424</u>
Excess net capital at 1000 percent	<u>\$ 4,152,965</u>
Total aggregate indebtedness	<u>\$ 174,593</u>
Ratio of aggregate indebtedness to net capital	<u>.04 to 1</u>

13. Off-Balance-Sheet Risk and Concentration of Credit Risk

In the normal course of business the Company, as agent, executes transactions with, and on behalf of, other brokers and dealers. If the agency transactions do not settle because of failure to perform by either counterparty, the Company may be obligated to discharge the obligation of the non-performing party and, as a result, may incur a loss if the market value of the security is different from the contract amount of the transaction.

A substantial number of the Company's transactions are collateralized and executed with, and on behalf of, a limited number of brokers and dealers. The Company's exposure to credit risk associated with the nonperformance of these clients in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the clients' ability to satisfy their obligations to the Company.

The Company does not expect nonperformance by counterparties in the above situations. However, the Company's policy is to monitor its market exposure and counterparty risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counterparty with which it conducts business.

See Note 3 regarding cash in banks in excess of FDIC insured limits.

The Company's Consolidated Statement of Financial Condition as of October 31, 2008 is available for examination at the office of the Company and at the Regional Office of the Securities and Exchange Commission.

Independent Auditors' Report

To the Board of Directors
Hilliard Farber & Co., Inc.

We have audited the accompanying consolidated statement of financial condition of Hilliard Farber & Co., Inc. and Subsidiaries (the "Company") as of October 31, 2008, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the consolidated financial position of Hilliard Farber & Co., Inc. and Subsidiaries as of October 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Weiser LLP

New York, N.Y.
December 22, 2008

END